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11. This is post's updated 2005-2006 International Narcotics Control Strategy Report per reftel.

Begin text.

Nepal

#### 1I. Summary

Although Nepal is neither a significant producer of, nor a major transit route for, narcotic drugs, small amounts of cannabis, hashish and heroin are trafficked to and through Nepal every year. An increase in the use of Nepalese couriers, apprehended by the police, suggests that the country's citizens are becoming more involved in trafficking. Moreover, Nepal's Narcotics Drug Control Law Enforcement Unit (NDCLEU) reports that more Nepalese citizens are investing in and taking a larger role in running trafficking operations. Customs and border controls remain weak, but international cooperation has resulted in increased narcotics-related indictments in Nepal and abroad. The ongoing Maoist insurgency has an impact on rule-of-law and interdiction efforts in many parts of the country. NDCLEU has enhanced both the country's enforcement capacity and its expertise. Nepal is a party to the 1988 UN Drug Convention.

#### II. Status of Country

Heroin from Southwest and Southeast Asia is smuggled into Nepal across the open border with India and through Kathmandu's international airport. The ongoing Maoist insurgency has an impact on rule-of-law and interdiction efforts in many parts of the country. Police have reconfirmed that production of cannabis is on the rise in the southern areas of the country, and that most is destined for the Indian market. Police have also intercepted locally produced hashish en route to India in quantities of up to 500 kilograms at a time. Nepal's Maoist guerrillas are most likely involved in drug smuggling to finance their insurgency. NDCLEU reports that Maoists are known to have called upon farmers in certain areas to increase cannabis production and levy a 40 percent tax on cannabis production. Abuse of locally grown and wild cannabis and locally produced hashish, marketed in freelance operations, remains widespread. Licit, codeine-based medicines continue to be abused. Nepal is not a producer of chemical precursors.

#### III. Country Actions Against Drugs in 2005

Policy Initiatives. Nepal's basic drug law is the Narcotic Drugs (Control) Act, 2033 (1976). Under this law, the cultivation, production, preparation, manufacture, export, import, purchase, possession, sale, and consumption of most commonly abused drugs are illegal. The Narcotics Control Act, amended last in 1993, conforms in part to the 1961 UN Single Convention on Narcotic Drugs and its 1972 Protocol by addressing narcotics production, manufacture, sales, import, and export. Nepal is actively implementing a National Drug Abuse Control Plan (NDACP).

Legislative action on mutual legal assistance and witness protection, developed as part of the NDACP, remained stalled for a fourth year due to the lack of a parliament. The government has not submitted scheduled amendments to its Customs Act to control precursor chemicals. Legislation on asset seizures was drafted in 1997 with United Nations Office of Drugs and Crime assistance and is under the review of the Ministry of Law and Justice. Legislation on criminal conspiracy has not yet been drafted.

Accomplishments. The Government of Nepal (GON) continues to coordinate its counternarcotics efforts regionally, and actively cooperates in international efforts to identify and arrest traffickers. Cooperation between the DEA and Nepal's NDCLEU has been excellent and has resulted in indictments both in Nepal and abroad.

Law Enforcement Efforts. The NDCLEU has developed an intelligence wing, but its effectiveness remains constrained by a lack of transport, communications, and surveillance equipment. Coordination and cooperation among NDCLEU and Nepal's customs and immigration services, while still problematic, are improving. Crop destruction efforts have

been hampered by the reallocation of resources to fight the Maoist insurgency and the lack of security in the countryside. Final statistical data for 2004 and data through November 2005 indicate that destruction of cannabis plants continues to decline. In 2004, the Nepal Police arrested 45 foreigners under drug trafficking charges. In the first ten months of 2005, police arrested 23 foreigners. The NDCLEU seized triple the amount of cannabis in 2005 (5864 kilograms in the first ten months) compared with 2004 (1790 kilograms). NDCLEU reported that it seized 64.8 kilograms of hashish and 1.6 kilograms of heroin at Kathmandu's Tribhuvan International Airport (TIA) in the first ten months of 2005. No opium was seized in 2005. Seizures of heroin remained constant, and the absolute quantity (a total of approximately 7 kilograms) remained small. Most seizures of heroin and hashish in 2005 occurred along the Nepal-Indian border, within Kathmandu, or at TIA as passengers departed Nepal. Seizures of illicit and licit, but illegally held, pharmaceuticals were similar to 2004 levels.

Corruption. Nepal continues to have no laws specifically targeting public narcotics-related corruption by senior government officials, although both the Narcotics (Control) Drug Act of 1976 and Nepal's anticorruption legislation could be employed in this regard. There is no government policy to encourage or facilitate illicit production or distribution of narcotics or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. On the contrary, Nepal acts to suppress trafficking. There is also no record that senior government officials have engaged in, encouraged or facilitated the production, processing, or shipment of narcotic and psychotropic drugs and other controlled substances or that they have discouraged or otherwise hampered the investigation or prosecution of such acts.

Agreements and Treaties. Nepal is party to the 1998 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1993 South Asian Association for Regional Cooperation (SAARC) Convention on Narcotics Drugs and Psychotropic Substances. Nepal has signed, but has not yet ratified, the UN Convention against

## Transnational Organized Crime.

Cultivation/Production. Cannabis is an indigenous plant in Nepal, and cultivation of developed varieties is rising, particularly in lowland areas. There is some small-scale cultivation of opium poppy, but detection is difficult since it is interspersed among licit crops. Nepali drug enforcement officials believe that all heroin seized in Nepal originates elsewhere. Nepal produces no precursor chemicals. Importers of dual-use precursor chemicals must obtain a license and submit bimonthly reports on usage to the Home Ministry. There have been no reports of the illicit use of licensed imported chemicals.

Drug Flow/Transit. Narcotics seizures suggest that narcotics transit Nepal from India, Pakistan, Afghanistan to other countries in the region and to Europe, North America and Japan. Media reports claim that most narcotics are bound for India, and law enforcement sources indicate that most seizures occur at the India/Nepal border. Customs and border controls are weak along Nepal's land borders with India and China. The Indian border is open. Security measures to interdict narcotics and contraband at Kathmandu's international airport and at Nepal's regional airports with direct flights to India are inadequate. The Government of Nepal (GON), along with other governments, is working to increase the level of security at the international airport, and the Royal Nepal Army is detailed to assist with airport security.

Arrests of Nepalese couriers in other countries suggest that Nepalese are becoming more involved in trafficking both as couriers and as traffickers, and that Nepal may be increasingly used as a transit point for destinations in South and East Asia, as well as Europe (Spain, the Netherlands and Switzerland). The NDCLEU has also identified the United States as a final destination for some drugs transiting Nepal, typically routed through Bangkok.

Domestic Programs (Demand Reduction). The GON continues to implement its national drug demand reduction strategy in association with the Sri Lanka-based Colombo Plan, the United States, UNODC, donor agencies, and NGOs. However, resource

constraints limit significant progress.

## IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. policy is to strengthen Nepal's law enforcement capacity to combat narcotics trafficking and related crimes, to maintain positive bilateral cooperation, and to encourage Nepal to enact and implement appropriate laws and regulations to meet all objectives of the 1988 UN Drug Convention. The United States, NDCLEU, and other donors work together through regional drug liaison offices and through the Kathmandu Mini-Dublin Group of Countries Offering Narcotics Related Assistance.

Bilateral Cooperation. The United States works with GON agencies to help implement Nepal's master plan for drug abuse control and to provide expertise and training in enforcement. Nepal exchanges drug trafficking information with regional states and occasionally with destination states in Europe in connection with international narcotics investigations and proceedings.

The Road Ahead. The United States will continue information exchanges, training, and enforcement cooperation; will work with the UNODC to strengthen the NDCLEU; will provide support to various parts of the legal establishment to combat corruption and improve rule of law; and will support improvements in the Nepali customs service. The United States will encourage the GON to enact stalled drug legislation.

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